



31 October 2017

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Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001
By electronic lodgement

Ref: Customer Price Information—Issues Paper

Origin Energy (Origin) welcomes this opportunity to respond to the Australian Energy Regulator's (the AER) Issues Paper on Customer Price Information.

As one of the seven retailers that signed up to the Prime Minister's commitments this year, Origin supports the AER's work to date to assist customers with engagement in the market. We strongly support moves to improve Energy Price Fact Sheets (EPFS) and to make them more comprehensible so that customers can effectively use them to compare offers. This should include the creation of an industry-wide price comparison, which Origin supports as a measure for providing customers with more information about energy offers.

We provide answers to the questions below.

Energy Price Fact Sheet content and format

1. What information should be included on an EPFS? Is there some information currently included that could be omitted, or provided in another way?
2. How should the information on an EPFS be set out to most effectively highlight price and key contract details? How should information be prioritised? We welcome examples from other sectors/jurisdictions, as well as self-generated mock-up samples, to illustrate stakeholders' views.
3. Is the language currently used to describe offers easy to understand? If not, how could it be improved? Are there other ways (graphics, images) to present information that would be more effective?
4. Would customers benefit from the inclusion of other information that does not currently appear on EPFS, such as information about available concessions, the expiry of benefit periods and/or impending price changes? How should this be presented?

In terms of what should be included in a new EPFS, Origin refers to the Australian Energy Council's (the AEC) submission. The AEC, and its members, have identified what information should be included in a newly remodelled EPFS (which the Council has called a 'Comparison Information Label') and what should be excluded altogether. As a member of the AEC, Origin agrees with this assessment and the AEC's analysis supporting it. We also agree with the prioritisation of information that the Council has suggested.

The purpose of a EPFS should be to assist a customer with choosing the most suitable energy plan. The Council's proposal removes about half of the existing information in EPFSs. Origin believes that removing this information will be necessary to make the document more useful for comparing offers and reaching a decision. For that reason, Origin does not support additional information being included on the EPFS. Too many items of information could diminish the document's utility and produce customer disengagement. It is more important that customers know the key information about their offers, particularly those that have a dominant impact on price, rather than having a comprehensive overview of their contract.

Once a customer chooses an offer they may then want additional information. Given that this is a digital experience we believe that customers can be furnished any additional information via a link on the retailer's website. The information needs to be accessible but we do not think a formal document needs to be created. The Rules already cater to this information being provided to customers via a disclosure statement and through the actual contract.

Comparison rates and reference prices

5. Is a comparison rate or reference price an effective way to facilitate meaningful comparison of different energy offers?
6. What are the potential benefits and risks of each?
7. When and where should a comparison rate/reference price be displayed? For example, on EPFS, retailer websites, media materials?
8. Is there utility in enabling 'customisation' of such a tool (ie allowing for customers to identify additional factors such as appliances or pools and have these reflected in the figure)?
9. What other risks or considerations should we be aware of?

Origin supports the creation of an industry wide comparison rate (expressed as cents per kilowatt hour) or reference price (expressed in monetary terms). In our view, a reference price is more appropriate than a comparison rate, and it aligns with the direction of reform in Victoria¹ and the commitments that retailers have made to the Commonwealth Government. The benefit of a reference price is that it provides customers with a broad idea of how much an energy plan may cost. Whilst it is best if a customer can accurately identify which usage profile they fit into, providing a number still indicates a value relative to other plans. This adds to the total sum of information in the market place for customers and is better than the present situation where this information does not exist without customers having to calculate it themselves.

Origin believes that the most suitable place for a comparison rate to be displayed is the new EPFS and on a retailer's website where their offers are displayed. Further customisation of a comparison tool ought to reside on a comparison website, as is the case with Energy Made Easy, rather than requiring retailers to formulate specific EPFS for each customer. A customer may end up with a customised price on a results page that is different to the generic information (in the sense of not being customised) on the retailer's EPFS. This may be unavoidable and is best dealt with through clear disclaimers on the Energy Made Easy version of a EPFS (which may be the same as a retailer's version).

From January 2005 until the commencement of the National Energy Customer Framework, the Essential Services Commission of South Australia required retailer price fact sheets for market contracts to disclose an estimated annual cost for three annual consumption levels: 2MWh, 5MWh and 8.5MWh.² Additionally, customers were given a separate annual cost for 1.5MWh of off peak hot water. As an example, the following was used in South Australia by Origin:

¹ See recommendation 3 in John Thwaites, Terry Mulder and Patricia Faulkner, *Independent Review into the Electricity and Gas Retail Markets in Victoria*, August 2017.

² An archived version of the South Australian *Energy Price Disclosure Code* may be accessed here: www.powerdirect.com.au/secure/downloadfile.asp?fileid=1001299

Energy plans: DailySaver^{^^}

Consumption p/annum	GreenPower accredited electricity option			
	DailySaver ^{^^}	25% GreenPower	50% GreenPower	100% Wind
2 MWh p/a (low usage and excluding off peak water)	\$585	\$637	\$640	\$695
5 MWh p/a (medium usage and excluding off peak water)	\$1,243	\$1,295	\$1,381	\$1,518
8.5 MWh p/a (high usage and excluding off peak water)	\$2,085	\$2,137	\$2,319	\$2,553
Plus 1.5 MWh of off peak hot water [^]	\$143	\$143	\$184	\$226

^{^^} Discount applies to the consumption component of the applicable Standard Published Rates and not to supply/service or green energy charges. Discounts may vary from time to time

* All figures are subject to change without notice and are subject to your Agreement.

[^] Based on the SA AGL off peak controlled load, tariff 116 prices

† Terms and conditions apply.

Origin is not suggesting that the above design should be adopted for a future reference price but it does illustrate past practice and the fact that, despite, challenges mentioned above, reference prices can be formulated. In the above South Australian example, for instance, the tariffs were an inclining block tariff, where a customer paid a higher tariff where their usage exceeded a certain amount. We also believe that each jurisdiction ought to have its own usage amounts given that annual energy use for each fuel is different in each jurisdiction. For example, electricity use is lower in Victoria because of the high penetration of gas heating. Gas profiles would also be much higher in Victoria.

Potential risks of a reference price generally revolve around accuracy of the information. Controlled load tariffs, which are common in New South Wales and Queensland for hot water and pool systems, will require an assumption of both the general use profile of a customer and their controlled load profile. A low use customer may be banded into a low control load to be given a single figure; however, a high-energy user does not necessarily have a correspondingly high controlled load volume.

This is also the case for more complicated tariff structures, where a customer's price depends on the time of day they use their energy. Assumptions will need to be made about the allocation of energy use to certain times of the day. There will necessarily be more potential prices that a customer can pay under these tariffs, making the three or four averages less representative of the potential customer outcomes. We do not think that the comparison should be abandoned for this reason as the information may have some utility in advising customers of which tariffs are more expensive by looking at each of the profiles.

Technology options to facilitate offer comparisons

10. Which customers might benefit most from these options? Is there evidence or experiences from other sectors or jurisdictions about the likely success of the options we should consider?
11. Are there options other than QR codes and OCR technology that may achieve the same objective?
12. What are the risks and benefits of pursuing a QR code or OCR technology? What are current levels of customer engagement with QR codes in other sectors?
13. What other emerging technologies or issues – such as customer access to smart meter data – might impact the effectiveness of these tools?

Origin has not used a QR code on its bills and we are not aware of other retailers utilising them. Given that there has not been wide uptake across the industry, we infer that retailers have not found them to be a compelling proposition for customers. If QR codes were expected to lead to more efficient customer payment than other channels, then we would have expected more use within the industry. However, as

the AER points out in its Issues Paper, customer uptake was limited to approximately 7 per cent of customers in the UK. Accordingly, before the AER moves to introduce QR codes, analysis would need to be undertaken to determine whether benefits arising from them would exceed the cost of implementation.

As the AER mentions, some retailers have already taken up Optical Character Recognition (OCR) technology for bill comparison purposes. Origin will also be introducing its own OCR technology to assist consumers with comparing their bill with Origin's offers. This is a good example of competition driving retailers to develop tools to engage customers.

In terms of achieving the same objective, Origin's contact centre has employees that conduct bill comparisons directly with customers. We do this by taking the details of any offers that a customer is interested in with other retailers and comparing them to Origin's products. This is a transparent way of customers determining which deal is best for them.

Customers who are not digitally engaged

14. How can customers who can't, or don't, engage online best be provided with information about their options?
15. What information or messaging might be included on bills or fact sheets to increase the likelihood of switching? We would welcome examples that have been effective in other sectors or jurisdictions.
16. How important is it that government energy comparator websites have a phone service to assist customers?
17. How might family members/other trusted sources be engaged?
18. Are there specific or additional strategies required for specific customer groups, for example those from CALD communities?

Customers that are not engaged online will still depend on written communication and contact with the call centre or external third parties (such as financial counsellors) to remain engaged. In terms of strategies for specific groups, interpreter services are available for customers that call the contact centre. The translation service will permit customers to engage with a range of retailer services.

Origin is aware of some agencies, such as the Energy and Water Ombudsman of New South Wales, organising 'Bring your bill' days. This is where customers present their bills to members of the Ombudsman, and participating retailers, so that they can get an understanding of their energy costs, obtain hardship assistance and find better offers. Consumer groups and welfare agencies are also involved. This has proven to be a useful community outreach program and is a good way of engaging customers without access to the internet.

We are aware that the AER has been investigating how it can make improvements to its website to ensure that it is more user-friendly. In Origin's view, AER's immediate priority should be towards improving the functionality of the Energy Made Easy website instead of establishing a contact centre. In terms of using a contact centre to complete sales, other comparator websites with contact centres are all private enterprises that have commercial arrangements with retailers. These arrangements will include any fee for service involved in the contact centre securing sales on behalf of retailers, and could extend into retailers providing information on 'below the line' offers (which are often used to secure customers). In Origin's view, it is not desirable for the AER to be entering commercial contracts with market participants to facilitate sales for retailers whilst acting as an independent regulator.

Closing

Should you wish to discuss the contents of this response, please contact Timothy Wilson, Manager, Regulatory Policy, on (03) 8665-7155 in the first instance.

Yours sincerely

A handwritten signature in blue ink, appearing to read "K. Robertson".

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